



State of South Carolina  
Department of Health and Human Services

Mark Sanford  
Governor

Robert M. Kerr  
Director

September 26, 2006

Ms. Virgie R. Chambers, Director  
Office of School Based Health Finance  
State Department of Education  
1429 Senate Street  
Columbia, South Carolina 29201

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SEP 29 2006

Per \_\_\_\_\_

Dear Ms. Chambers:

The South Carolina Department of Health and Human Services (DHHS) currently reimburses Local Education Agencies (LEAs) for the provision of Applied Behavioral Therapy Services (ABTS) for Medicaid eligible children with a diagnosis of autism. During discussions with the Centers for Medicare and Medicaid Services (CMS) regarding Early and Periodic Screening, Diagnosis and Treatment services, CMS indicated that ABTS program does not qualify as a Medicaid coverable state plan service. This interpretation is based on the following:

- The service is habilitative in nature rather than a rehabilitative service.
- The service is limited to children with autism.
- The service is limited to the school setting.

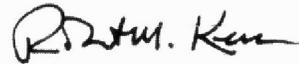
Initially, we were advised by CMS that the services may be allowable under a Medicaid waiver. Therefore, we have been in ongoing discussions with the State Department of Education (SDE) regarding the service delivery requirements for ABTS under the Individuals with Disabilities Education Act and any implications for a Medicaid waiver. Unfortunately, we were advised by CMS on September 19, 2006, that the provision of ABTS in a school setting failed to meet established criteria for approval as a waiver program. Specifically, CMS indicated that the services appeared to duplicate services that should be provided under IDEA and would restrict providers to those who contract with or are employed by the LEA.

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We requested a transition period to discontinue coverage until June 30, 2007. However, we regret to inform you that CMS has stipulated that Medicaid coverage for ABTS be discontinued effective December 31, 2006. We will be available to provide technical assistance as needed during this transition period.

Thank you for your commitment to improving the health of children of South Carolina. If you have any questions or if we can be of further assistance, please contact Sheila Mills at (803) 898-2565.

Sincerely

A handwritten signature in black ink that reads "R.M. Kerr". The signature is written in a cursive style with a large initial "R" and "M".

Robert M. Kerr  
Director

RMK/bmhw